JAMES A ROBERTSON AND ASSOCIATES
EFFECTIVE STRATEGIC BUSINESS SOLUTIONS

INFORMATION TECHNOLOGY
GOVERNANCE AND STRATEGY SUMMIT

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Analysing The Two Most Critical Factors for I. T. Investment Success:
Executive Custody and Strategic Solution Architecture

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AGENDA

THE TWO MOST CRITICAL FACTORS FOR I.T. SUCCESS

1. **Context**

2. **The factors causing I.T. investment failure**

3. **The critical factors for I.T. investment success**

4. **Evaluating the methods of achieving executive custody**

5. **Assessing the critical focus areas of executive custody**

6. **Creating a platform for strategic architecture implementation**

7. **Creating business definitions to enable I.T. to support high value business outcomes**
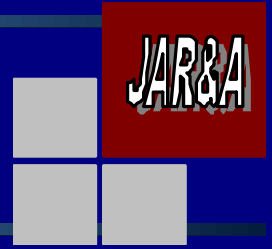
CONTEXT: INFORMATION TECHNOLOGY
AN INDUSTRY CHARACTERISED BY FAILURE
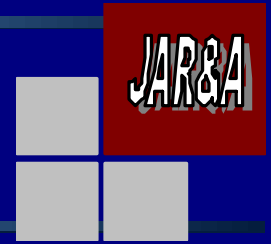
1. **Seventy percent of I.T. investments fail TOTALLY**

2. **Another twenty percent fail to fully satisfy the original business requirement**

3. *"19 out of 20 E.R.P. implementations do not deliver "what was promised"*
   McLeod (FM)

4. **Ninety percent of strategic plans fail**

5. **Seventy percent of B.P.R. investments fail**

6. *"Most organisations are not making better decisions than they did five years ago."*
   Gartner

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CAUSES OF INFORMATION TECHNOLOGY INVESTMENT FAILURE

1. **Information technology mythology (30%)**

2. **Lack of executive custody and inappropriate policies (20%)**

3. **Lack of strategic alignment (15%)**

4. **Lack of an engineering approach (12%)**

5. **Poor data engineering (10%)**

6. **People / soft issues (8%)**

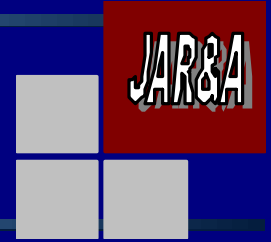7. **Technology issues (5%)**

50%

(Remember that I.T. Is value inert)

THE CRITICAL FACTORS FOR SUCCESS

43%

1. **Executive Custody (25%)**

2. **Strategic Solution Architecture (18%)**

3. **Strategic Alignment (16%)**

4. **Business Integration and Optimization (14%)**

5. **Programme and Project Management (12%)**

6. **Data Engineering / Information Management (10%)**

7. **Technology Components (5%)**

EVALUATING THE METHODS OF ACHIEVING EXECUTIVE CUSTODY

1. **Engagement**

2. **Prove it works / make it work**

3. **Leadership**

CRITICAL FOCUS AREAS
OF EXECUTIVE CUSTODY
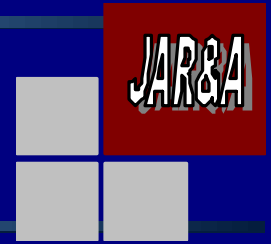
1. **Creating and delivering value to customers**

2. **Differentiating from competitors**

3. **Motivating and leading personnel**

4. **Meeting and exceeding owner expectations**

5. **Building exceptional partnerships with suppliers**

6. **Integrating and optimizing the business**

7. **Day to day operational efficiency and effectiveness**

MANAGING FOR SUCCESS
CRITICAL COMPONENTS OF EXECUTIVE CUSTODY
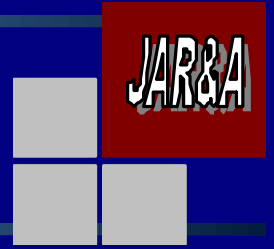
1. CEO leadership, clarity, purposefulness, empowerment of subordinates, etc

2. Availability, effectiveness and efficiency of executives

3. Executive team role clarity, commitment, team work, constancy of purpose, etc

4. Business optimization

5. Strategic solution architecture

6. Technology and technical capability

7. Other aspects required to achieve executive custody = ownership "plus"

MANAGING FOR SUCCESS
AVAILABILITY, EFFECTIVENESS & EFFICIENCY OF EXECUTIVES

1. Subordinates at all levels motivated, empowered to act, supported in event of sincere mistakes, leadership by example, facilitation to achieve NOT domination, clear hierarchy and respect for hierarchy, teams NOT committees

2. Effective strategic analysis, design and execution methods, standards, practices, etc

3. Executives have equipped, motivated, trained, loyal, long term personal assistants

4. Effective time management tools, methods, training and practical day to day implementation -- NOT about computer based technology

5. Filing and document management standards consistently applied throughout the organization -- this is about standards, practices, training, etc and NOT about technology

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6. **Executives focus their attention on activities which create sustainable value relative to:**
    - **Customers**
    - **Personnel**
    - **Suppliers**
    - **Shareholders**

7. **Executives equipped to think and act strategically and take effective strategic decisions on a continuous basis -- includes knowledge, method, systems, training, etc**

ALL these factors are vital for success in terms of executive availability, effectiveness and efficiency -- specifically so that executives are freed up to focus on items 6 and 7 which is where executive effectiveness is attained

CRITICAL EXECUTIVE QUESTIONS
Questions Every Executive Should Answer Before Saying "YES"

1. Do I have a clear definition of the value proposition that I own now and can communicate to the rest of the organization?

2. Do I have a clear definition of how the outcome will be accomplished?

3. Is there real acceptance of the real effort and investment required?

4. Is there real business commitment?

5. Am I (CEO / sponsoring executive) willing to be held accountable?

6. Am I willing and able to hold the responsible executive / manager accountable?

7. Am I williing and able to hold the service providers and vendors accountable?

Time
Cost
Effort
Overtime
Disruption

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EXECUTIVE CUSTODY
Role of executives in Strategic Leadership
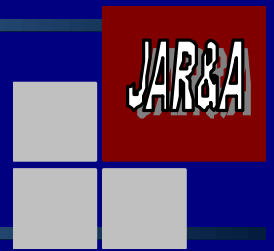
1. *"The greatest barriers to strategy are often self imposed and many are internal. Strong leadership by the chief executive officer is almost a necessity if strategy is to be created and implemented"* **Professor Michael Porter**

2. **Seen as an important tool of the business**

3. **FULL responsibility and accountability**
   - **this is MY business system**
   - **comparable level to - MY factory / warehouse / etc**

EXECUTIVE CUSTODY
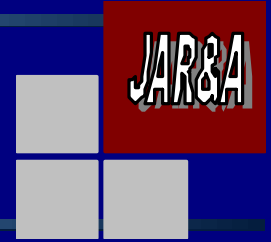## Role of executives in Strategic Leadership
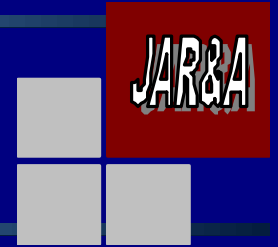
A key responsibility of executives is innovation that will generate high bottom line value outcomes

that is Strategic outcomes

Executives therefore define the role of information technology in creating sustainable competitive advantage
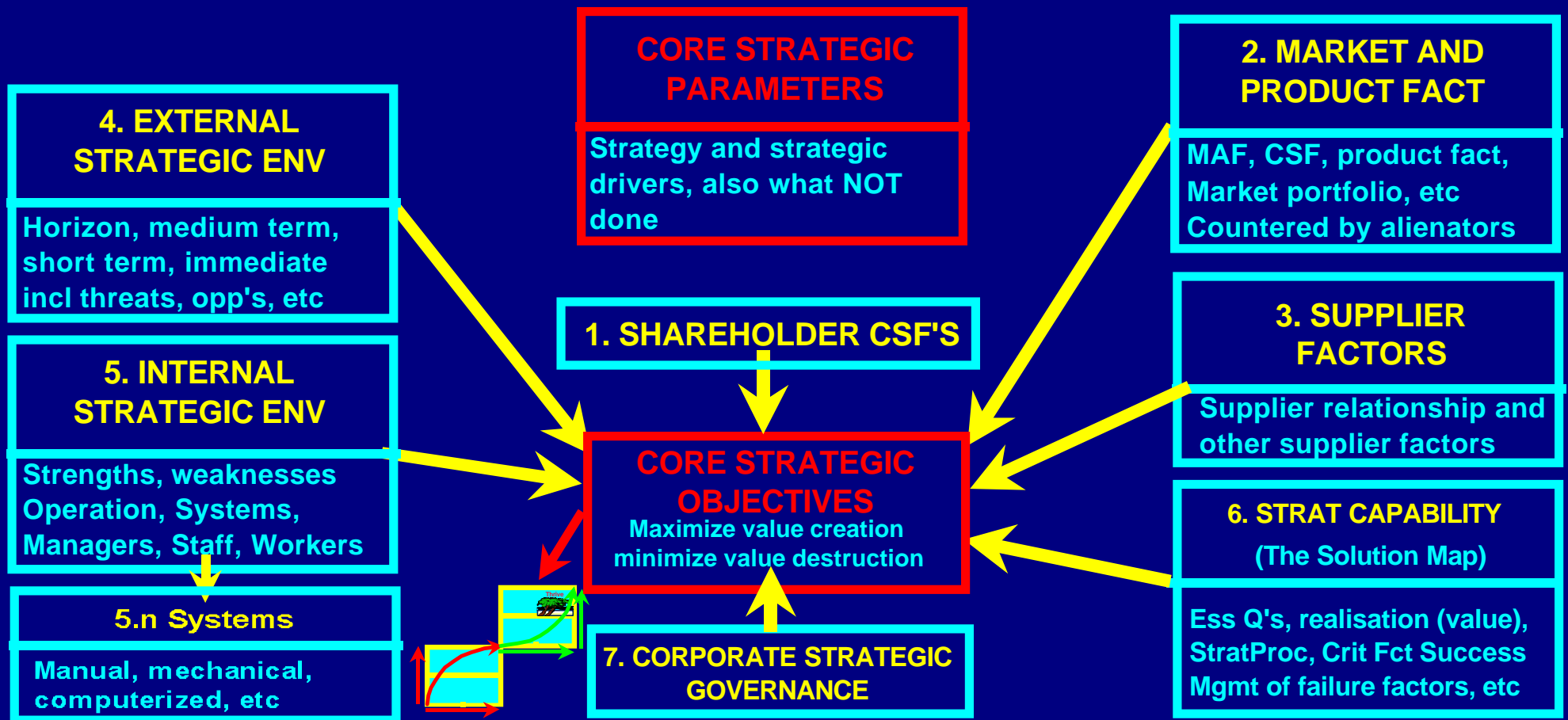
ESSENTIAL BUSINESS KNOWLEDGE
ESSENTIAL COMPONENTS OF STRATEGY

1. Core economic driver

2. Core human resource driver

3. Core market differentiator / value proposition / sales or marketing method

4. Core customer / market / user

5. Core asset / product / natural resource / size / growth

6. Core technology / capability / know-how / distribution

7. Essential reason the organisation exists (generally NOT profit)
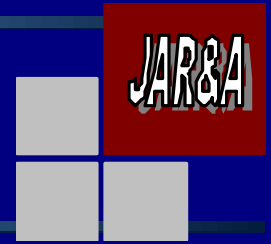
8. Core values

9. Other

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STRATEGIC MAPPING
Mapping and Managing the Strategic Environment and Objectives

CORE STRATEGIC PARAMETERS

Strategy and strategic drivers, also what NOT done

2. MARKET AND PRODUCT FACT

MAF, CSF, product fact, Market portfolio, etc
Countered by alienators

4. EXTERNAL STRATEGIC ENV

Horizon, medium term, short term, immediate incl threats, opp's, etc

5. INTERNAL STRATEGIC ENV

Strengths, weaknesses Operation, Systems, Managers, Staff, Workers

5.n Systems

Manual, mechanical, computerized, etc

1. SHAREHOLDER CSF'S

CORE STRATEGIC OBJECTIVES
Maximize value creation minimize value destruction

7. CORPORATE STRATEGIC GOVERNANCE

3. SUPPLIER FACTORS

Supplier relationship and other supplier factors

6. STRAT CAPABILITY

(The Solution Map)

Ess Q's, realisation (value), StratProc, Crit Fct Success Mgmt of failure factors, etc

Revised for Fleet Africa 11
July 2005

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CREATING A PLATFORM FOR STRATEGIC ARCHITECTURE

1. **Define core strategic drivers**

2. **Discover and publish core strategy**

3. **Map the strategic enironment**

4. **Set strategic objectives in order to maximize value creation and minimize value consumption**

5. **Enhance strategic capability**

6. **Implement effective strategic governance**

7. **Define and execute projects which generate substantial positive value**

CREATING BUSINESS DEFINITIONS TO ENABLE I.T. TO SUPPORT HIGH VALUE BUSINESS OUTCOMES

1. **What is the essence of how the business creates sustainable value?**

2. **What are the fundamental functions that are central to creating this value? (not more than seven)**

3. **What can we do that will leverage the creation of this value? (N.B. strategic innovation)**

4. **What are the fundamental factors that are most severely hindering the creation of value or consuming value? (not more than seven)**

5. **What can we do that will minimize the consumption of this value?**
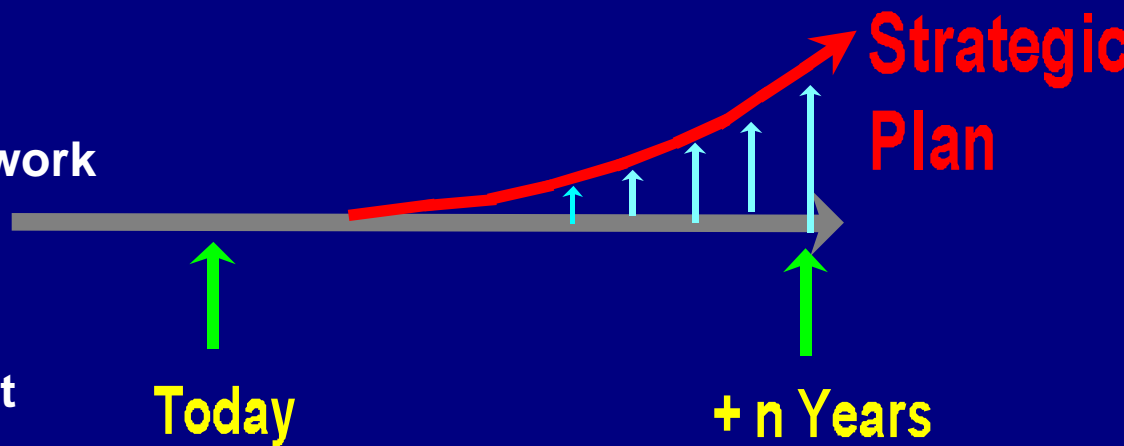
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6. How do we integrate these changes in order to optimize core value delivery?

7. What are the I.T. elements that require attention in order to do this?

DEVELOPING ROBUST SPECIFICATION
ANALYSIS & DESIGN FOR DOABLE PLANS

1. **<u>Analysis of Strategic Environment, Context, Requirements, Benefits, Value, etc</u>**

2. **Strategic Gap Analysis**

3. **Strategic Design**

4. **Strategic Governance Framework**

5. **Strategic Action Plan**

6. **Strategic Project Management**

7. **Strategic Plan, Business Outcome Auditing, Monitoring, Performance Measurement and Incentives, Journey Management**

8. **Continuous Strategic Improvement**

Strategic Plan

Today

+ n Years

DEVELOPING ROBUST SPECIFICATION
CONCLUSION

1. **Business determines value proposition = requirement**

2. **Analyse strategic environment based on business objectives and opportunities**

3. **Determine value delivery opportunities**

4. **Determine opportunities to minimize value destruction**
   Avoid change for the sake of change

5. **Specify what the business must do in order to deliver**

6. **Take decision**

7. **Develop I.T. requirements**

Business case drives I.T. specification

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QUESTIONS ?

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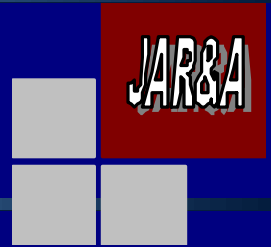
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